

**MINUTES
STATE BOND COMMITTEE
February 23, 2006**

A meeting of the State Bond Committee was held at 7:30 a.m. on February 23, 2006 at the Department of Revenue, Commissioner's Conference Room, Juneau, Alaska.

State Bond Committee Members present were:

Greg Winegar, Director of Division of Investments, Department
of
Commerce, Community & Economic Development
Kevin Brooks, Deputy Commissioner, Department of
Administration
Tom Boutin, Deputy Commissioner, Department of Revenue

Present telephonically were:

Freda Johnson, President, Government Finance Associates
Chester Johnson, Government Finance Associates
Ken Vassar, Birch, Horton, Bittner and Cherot
Cindy Cartledge, Wohlforth, Johnson, Brecht, Cartledge and
Brooking
Cynthia Weed, Preston Gates & Ellis
Stacey Crenshaw Lewis, Preston Gates & Ellis
Kerry White, Preston Gates & Ellis
Eric Auten, Wohlforth, Johnson, Brecht, Cartledge and Brooking
John Castagliola - UBS
Dave McCathy - UBS
Patty McGorry - UBS
Bill Schlickman, UBS
Tom Yang, UBS

Also present in Juneau were:

Deven Mitchell, Debt Manager, Department of Revenue

I. Call to Order

Mr. Winegar called the meeting to order at 7:30 a.m. AST.

II. Roll Call

Mr. Mitchell took roll call. Mr. Brooks was late (arrived during discussion of Resolution 2006-01); Mr. Boutin and Mr. Winegar were present.

III. Public Meeting Notice

A copy of the Advertising Order and Affidavit of Publication concerning the date, location, and purpose of the meeting were reviewed and made a part of the minutes of the meeting. Mr. Mitchell stated the meeting notice was advertised in the State's Online Public Notice.

IV. Approval of Agenda

The agenda was adopted without objections.

V. Minutes of Meeting of December 13, 2005 Committee Meeting

The minutes were adopted as submitted without objection.

VI. Public Comment

Mr. Winegar asked for public participation and comment. There was none.

VII. New Business

Resolution 2006-01

The first item of business was Resolution 2006-01, a supplemental resolution of the State Bond Committee of the State of Alaska discussing the sale results and approval of the final scale for the 2006 AIAS bonds series A, B and D with UBS. Mr. Chester Johnson gave the committee an analysis of the current bond market. He then turned the day's sale outcome reporting over to Bill Schlickman with UBS. Mr. Boutin moved the approval of the offer by the syndicate (UBS) to underwrite the bonds. Mr. Brooks seconded. Mr. Mitchell called the roll and the motion passed. The Committee recessed until 4:15 p.m. following the refunding bond's escrow bid's verification and incorporation of the final bond restructuring information in the resolution. Mr. Boutin moved adoption of SBC Resolution 2006-01. Mr.

Brooks seconded. Mr. Mitchell called the roll and the motion passed unanimously.

Resolution 2006-02

The next item of business was Resolution 2006-02, a resolution of the State Bond Committee of the State of Alaska authorizing Mr. Mitchell, the Debt Manager to designate certain expenditures for potential reimbursement from bonds. This resolution was designed to allow the Department of Transportation combine a series of 30 vehicle purchases over a 12 month period into one financing rather than six. Mr. Boutin moved adoption of SBC Resolution 2006-02. Mr. Brooks seconded. Mr. Mitchell called the roll and the motion passed unanimously.

VIII. Debt Manager's Report

Mr. Mitchell reported on the following items not covered in the February 23, 2006 agenda:

1. Mr. Mitchell discussed the State Guaranteed bond issued by AHFC on December 29, 2005. They included \$15 million in collateralized bonds and \$145 million in collateralized notes for the Veteran's Mortgage Program. This issuance is in line with the authorization granted by the Committee on December 13.
2. Mr. Mitchell reported on the Sport fish Facility Revenue Bonds. The Department of Fish and Game has agreed to limit use of surcharge revenue to \$500,000 annually and the financing is again moving. Rating agency presentations will take place during the week of March 6, bonds will price April 11, and the transaction will close April 29.
3. Mr. Mitchell said the Revenue Department has met with Corrections Commissioner Marc Antrim several times regarding a possible new prison in Alaska to house prisoners currently exported to the state of Arizona. The desire of Corrections to build the facility is constantly tempered by the pledge to the rating agencies not to issue new debt until the State has a long term fiscal plan in place.
4. Mr. Mitchell described House Bill 278. This legislation would have allowed an exemption to the debt cap and broadened the lending

authority of the Alaska Municipal Bond Bank Authority. The purpose of these changes is to allow for the issuance of Pension Obligation Bonds to fund political subdivisions unfunded pension liabilities with bond proceeds. There was concern that this authorization could have an impact on the State's credit due to the size of the potential issuance and the moral obligation pledge of the State being used by the Bond Bank. This legislation is not expected to pass this session

5. Senate Bill 243 and House Bill 381 -- Legislation provides for additional sale (further into the future) of 80% of the State's portion of the Master Settlement Agreement with tobacco producers. This would be the third sale of the settlement by the State. The first sale was undertaken in 2001 and the second in 2002. As much as \$193 million may be available to the state through this proposed third sale.

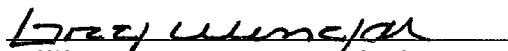
IX. Committee Members Comments

X. Scheduling of Next Meeting

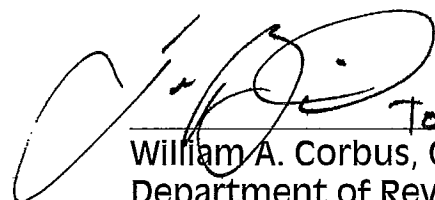
The next meeting will be March 21, 2006.

XI. Adjournment

There being no further business, without objection the meeting was adjourned at 4:50 p.m..


William C. Noll, Commissioner
Department of Commerce Community and
Economic Development
Chairman

ATTEST:


Tom Boutin for Bill Corbus
William A. Corbus, Commissioner
Department of Revenue
Secretary